

# **USAID GEO**

## **GUYANA ECONOMIC OPPORTUNITIES**

### **Banking and Finance: Training Assessment Report**

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*Submitted by:*  
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*In association with*  
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## **1. EXECUTIVE SUMMARY**

As result of an assessment mission to Guyana during the weeks of January 13 and 20, three series of a total of seven courses are recommended in this report, in order to improve access to finance by small and medium – sized enterprises (SME's) in Guyana and further the development of long-term sources of funds to assist the growth of Guyanese enterprise. Reference should be made to the table in Exhibit 1, which summarizes recommended seminars, content, format and target audience. Exhibit 2 contains possible time lines for the seminar series.

As first priority, a series of 3 courses is recommended covering various stages of preparation of financial information for businesses and bankers. Through joint participation with banks at the seminars and dissemination of practical tools to both businesses and banks, it would seek to create a common ground and basis of communication for SME's and their potential financiers. This series would begin with a first course of two full days about basic accounting and “how to read a financial statement” and proceed in a second course to more sophisticated yet still common-sense analysis of financial statements and explanation of bank relations and services, again of two days. The third offering would apply to a more select group and cover two days on the topic of business plan preparation. Local case studies and group exercises would form part of all three seminars, especially the third. The courses would be taught to groups of 20-30 with bankers included as participants. The program would involve primary focus outside of Georgetown. The first 2 courses in the series would be taught twice and the third about business plans once. Future trainers would also be trained (“training of trainers”).

The second series, which relates to the development of long-term sources of finance for Guyanese businesses, covers two seminars: 1) leasing and 2) non-bank debt and equity instruments. The first of these two courses about leasing will cover leasing techniques and examine regulatory and tax treatment of leasing companies or operations internationally that are relevant to Guyana. Cases of the few lease transactions done in Guyana will be discussed. The second seminar about debt and equity instruments will be presented primarily from the perspective of a business seeking access to non-bank sources of long-term capital and examine possible financing options and the cost / benefits of these. Different types of debt, equity, and quasi-equity will be presented drawing from regional experience in the Anglophone Caribbean. Attention will also be given to the status and development of the stock exchange in Guyana, as well as rules and constraints governing the private placement of debt and equity Case studies involving existing completed issues of corporate bonds in Guyana and examples from the region will be presented. As the audience for series 2 would largely differ from that of series 1, series 2 could be delivered at the same time as first series. It would be delivered in Georgetown.

A third series is also recommended, but as it was considered of lower priority than the first two series, scheduling of it should be optional depending upon resources available to the GEO Project. Because of significant financial problems in the rice sector and a high level of defaulted loans in the banking system to it, the two courses in Series 3 would be aimed at rice millers and bankers to teach correct methods of trade and commodities finance in a first seminar. The seminar would proceed to present techniques of commodities finance and methods of risk hedging and mitigation for lenders and borrowers. In the second seminar about issues and challenges for the rice sector, extracts from Seminar Series 1 would be tailored to the sector. Treatment of problem loans by the banks and the subject of problem loan management in the Guyanese environment will be offered. The first course about exporting, trade, and commodities finance would be taught in two sessions to separate groups of bankers and businessmen in a 3 day session. The second one, entitled “The Rice Sector: Lessons and Challenges,” would be presented to a select group of 30 millers and exporters and bankers in 5 full days. These courses would be given in and outside of Georgetown.

## **2. INTRODUCTION AND SCOPE OF WORK**

### **2.1 Background and Introduction**

The Guyana Economic Opportunities Project (GEO) is assisting USAID/Guyana over a five-year period in implementing Strategic Objective 1: Improved Climate for Private Investment in Guyana. Specifically, the project seeks to increase the government’s capacity to implement economic policy, strengthen private sector involvement in public policy, and increase support to small and micro-entrepreneurs. The underlying premise is that a streamlined regulatory and policy environment, coupled with a dynamic private sector, will lead to increased investment and greater economic opportunity for all Guyanese.

In an effort to promote economic growth and to improve the business climate in Guyana, greater knowledge and awareness regarding the banking/finance sector is required. A series of banking seminars, designed for bankers, policy makers, and members of the private business community, will serve to highlight best practices in the topics identified. As an example, at present there is little in the way of development banking services, or long-term lending in Guyana. As a result, some firms, or at least those that can afford the higher interest rates, are forced to roll-over short term lending in order to finance capital expenditures. At the same time, many of the family owned firms are reluctant to give up equity to finance expansion. The banking/finance series is also intended to generate a greater awareness among businesses about the types of services that are generally provided by a banking/finance sector.

### **2.2 Terms of Reference for the Assignment**

As part of terms of reference, the consultants were to meet with representatives from private sector businesses and banks, Bank of Guyana officials, and others from the

Government of Guyana to identify and finalize the topics or areas that will be addressed through a series of seminars and/or workshops. Once topics were identified and agreed to, the consultants were to develop the content for each event, recommend formats, and identify speakers and panelists (local, regional as well as international).

The consultants were asked to design a series of seminars and workshops on banking and finance. Topics that may be addressed through the seminars and workshops may include, but were not to be limited to:

- Alternative sources of capital: equity financing and joint ventures
- Banking and banking services
- Leasing as a means to business start-up
- Stock markets

Specific Tasks to be completed were as follows:

- Review relevant/available laws and regulations governing the banking sector in Guyana
- Meet with the following individuals/organizations: Bank of Guyana officials, private sector bank officials, representatives from the business community, relevant Government of Guyana officials, and others as deemed appropriate/necessary;
- Identify the specific areas or topics that will be addressed through the series of seminars and/or workshops;
- Once agreement is reached on the topics that the series will address, the consultants were to develop the content, format, presenters, etc. for each seminar/workshop (during this particular stage the consultant will determine, in consultation with others, the appropriate duration of each seminar).

In response to the terms of reference, the consultant team met with leaders of the principal business associations in Georgetown, senior bank officers, donor representatives, and government and central bank officials. A productive “brainstorming” session with active participation was held with senior bank credit officers, as well as a meeting of key executives of the Bank of Guyana that included the Governor.

### **3. ENVIRONMENT FOR SEMINARS**

#### **3.1 Enterprises Qualifying for Training**

Guyana has a small and largely informal economy, and statistics about businesses are therefore not readily available. However, for purposes of analysis, official data were obtained about numbers of employees and extrapolated per the table below in this section of the report. Enterprises were segmented into micro-enterprises, of which there is no record, small and smaller medium-sized enterprises with up to 20 employees (numbering 355 or 54% of total businesses recorded), medium-sized businesses with up to 20-49 employees (numbering 200 or 30% of total) , larger medium-sized businesses with up to

50-249 employees (numbering 77 or 12% of total), and the largest companies with more than 250 employees (32 in number or 4% of the total).

The following table summarizes categorization of Guyanese business by numbers of employees:

**Segmentation of Guyanese Businesses by Level of Employment**

<i>Category</i>	<b>A</b>	<b>B</b>	<b>C</b>	
<b>1-19</b>	<b>306</b>	<b>49</b>	<b>355</b>	<b>54%</b>
<b>20-49</b>	<b>189</b>	<b>11</b>	<b>200</b>	<b>30%</b>
<b>50-249</b>	<b>55</b>	<b>22</b>	<b>77</b>	<b>12%</b>
<b>250-499</b>	<b>22</b>	<b>-</b>	<b>22</b>	<b>3%</b>
<b>500+</b>	<b>8</b>	<b>-</b>	<b>8</b>	<b>1%</b>
<b>undefined</b>	<b>82</b>	<b>(82)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>662</b>	<b>0</b>	<b>662</b>	<b>100%</b>

**A**     =     **Information available from official statistics**  
**B**     =     **Additions to Category A by Paul Geer, consultant**  
**C**     =     **New segmentation (A+B)**

Micro-enterprises, which are not yet at a stage requiring formalization of their legal and financial frameworks, were not considered candidates for training. Small and smaller medium-sized enterprises of up to 50 employees (categories 1 and 2 above, or 84 % of total SME's) with growth potential and a need for external assistance to improve access to finance were deemed to be prime candidates for most training. Medium and large businesses with more than 50 employees were considered to be able to benefit from instruction both in basic and more advanced subjects. Bankers were also thought to be able to benefit selectively from both basic and more advanced subjects.

All but two or three of Guyanese businesses are family-owned, with many of them in the process of transition from first to second generation control. Many smaller business owners were said to be reluctant to maintain formalized books and records for fear of knowledge of their financial status and to avoid disclosure to Inland Revenue. Many owners of all types of enterprises, even the largest, were said to need basic instruction in accounting and finance, though some might be unwilling to admit it. Some family-owned enterprises are in need of additional equity capital to grow and / or redress over-leveraged balance sheets. A select number were said to welcome outside investment from a possible joint-venture partner.<sup>1</sup>

<sup>1</sup> In this context issues of financial disclosure, control, trust, and corporate governance are inhibiting factors. The creation of an SME investment fund with donor sponsorship, independent management, and largely private institutional capital should be researched, especially in view of the liquidity available in Guyana's institutional market (see Section 3.2 below).

Following is a market breakdown by type of business based upon use of bank credit.

### **Loans and Advances to Businesses by Sector<sup>2</sup>**

*Guyana \$ in millions<sup>3</sup>*

#### **Commercial Enterprise**

Agriculture	\$4,724	16.6%
Mining & Quarrying	\$ 653	1.5%
Manufacturing	13,332	28.7%
Services	15,922	34.3%
Sub Total	37,631	81.1%

<b>Consumer</b>	8,255	17.7%
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<b>Financial Institutions</b>	508	1.1%
i.e., Insurance Companies		

<b>Total</b>	46,394	100%
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#### **Notes:**

- Rice farming is 64% of agricultural borrowing while rice milling is 39% of manufacturing with the industry accounting for 22% of total loans and advances. Many rice millers are in financial trouble with a high percentage of problem loans from the banks to the sector.
- In keeping with an importer/consumer culture, distribution businesses account for 21% of all borrowings, second only to rice.
- Sugarcane farming and sugar molasses manufacturing account for 2% of loans and advances.
- Mining and quarrying loans are primarily to the bauxite industry.
- Gold and diamond mining financing are high-risk ventures in inaccessible locations; hence borrowings are negotiated against the owner(s) residential assets.

### **3.2 Profile of Guyana Enterprise**

Following are profiles of typical agricultural and distribution businesses.

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<sup>2</sup> Data from Bank of Guyana.

<sup>3</sup> I U.S. \$ = approximately 190 Guyana \$ as of January 2003.

### **3.2.1 Typical Agriculture Business**

#### ***Rice Farmer Miller***

##### *Ownership Structure*

- Mixture of 1<sup>st</sup> and 2<sup>nd</sup> generation family owned enterprise.
- Male dominant
- Age range 45-60 years

##### *Management*

- Strategic and policy – 1<sup>st</sup> generation
- Operational – 2<sup>nd</sup> generation

##### *Technical Knowledge*

- Assumes that he is very knowledgeable in agronomy/plant husbandry, but operates by rote, i.e., reactive, does not understand the reasons for procedures/processes.

##### *Business Management Skills*

- Poor to non-existent.
- No idea of the difference between capital vs. operational expenditures or long-term vs. short-term debt.
- Treats all cash as available funds.

##### *Financial Management Skills*

- Poor to non-existent.

##### *Business Profile*

- Heavy investment in machines and equipment
- Over mechanized/mechanical production capacity, e.g., tractors and equipment, many times greater than required. Equipment lay idle most of the year.

##### *Number of Employees*

Three to five family members, with an additional ten employees at peak periods.

### **3.2.2 Typical Distribution Business**

##### *Business description*

- Up to 50% of items could be self-imported.
- Sells to the retailers and some consumers.
- High mark-ups.
- Cash business

##### *Ownership Structure*

- Same as Rice farmer miller above.



### *Management*

- Split between family members and long-term employees

### *Business & Financial Management Skills*

- Rudimentary bookkeeping for monitoring sales and paying bills only.
- Many family and extended family members are recipients of executive level remuneration from the business, i.e., salary, allowances and perks.
- Poor credit managers
- Extremely competitive, price sensitive
- Unregulated with regards to dealership/distributorship rights

## **3.3 Sources of Finance**

The banking and financial system consist of: the central bank; commercial banks; trust companies; a building society; insurance companies; credit unions; bank and non-bank cambios; Private Sector Organizations (PSO's) financing small and micro enterprises; and a thriving informal financial market.

Commercial banks make up over 70% of the assets of the financial system. The three largest are the National Bank of Industry and Commerce (NBIC) which has been privatized, the Guyana National Co-operative Bank (GNCB), and The Guyana Bank for Trade and Industry (GBTI). The two newest banks are Demerara Bank and Citizens Bank (Guyana) Ltd., which were established in 1994. The former is an indigenous bank, while the latter was Jamaican-owned before its sale to Guyanese investors. Other foreign-owned banks are the Bank of Baroda (India) and the Bank of Nova Scotia (Canada). All the banks offer a full range of banking services and are linked to a network of U.S. and other correspondent banks. The market for bank services is competitive, and banks have considerable excess liquidity and lack bankable project proposals to finance. There is also a lack of collateral that can be liquidated and in which a security interest can be perfected, which inhibits the collection of bad debts and therefore the flow of finance to business. As a result, a substantial part of bank assets is invested in Guyanese treasury bills.

Comprising its institutional market for longer-term debt and equity, Guyana has six insurance companies offering general and life insurance and a National Insurance Scheme (state pension fund). This market has substantial liquidity in relation to the size of Guyana's economy (total assets of non-bank financial institutions, according to the Bank of Guyana, equal U.S. \$250 million). Though for regulatory reasons, institutional investors must exercise prudence and are limited in the types of investment that can be made<sup>4</sup>, there exists substantial long-term financial resources indirectly and directly for

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<sup>4</sup> The threshold for risk is typically higher in an institutional market than for commercial banks. For example, insurance companies and pension funds are normally required to keep most assets invested in prime paper (bank CD's, treasury notes and bills). However, the availability of long-term institutional liquidity can be a key indirect driving force in economic development, as has been apparent in the model of Chile. And in the case of Guyana, an investment fund should be considered for medium and smaller enterprises that would be structured with some donor assistance to mitigate risk but make primary use of Guyanese institutional money. The feasibility of this should be examined. For

project and corporate finance in the institutional market. Such resources are likely well in excess of the ability of Guyana's economy to absorb them for the medium term.

The Securities Exchange Act was enacted in 1999. A small stock exchange is in the process of being created, as is its regulatory body, the Guyana Securities Council. Treasury bills are auctioned weekly and are advertised in the daily newspapers. Government and privately placed bonds are issued occasionally. Government bills and notes in G\$ have been honored without default. To date there have been two privately placed corporate bond issues. There is one merchant bank, Guyana Americas Merchant Bank Inc., which offers a range of investment banking and advisory services. Access to regional stock exchanges in Trinidad, Barbados, and Jamaica through cross-listing by Guyanese borrowers was said to be available though has not been utilized.

Trust companies (5% of the financial system assets) can only accept term (time) deposits. Generally they offer, among other services, mortgage financing, trust management, trade financing, pension fund investment and brokerage services. There is only one building society in Guyana - the New Building Society, with its head office in Georgetown. Its major activity is mortgage financing for residential properties.

In sum, there is substantial excess liquidity both within the banks and institutional market, and long-term sources of capital are in ample supply in Guyana. Lacking are bankable proposals and further development of institutional and public securities markets for debt and equity placements.

#### **4. GENERAL FINDINGS ABOUT TRAINING NEEDS**

Based upon interviews in Georgetown, training needs may be segmented as follows.

##### **4.1 Common Needs of Business Owners Regardless of Size of Enterprise**

Though for cultural reasons this can be difficult to admit, many business owners regardless of size of enterprise cannot read and interpret a financial statement. They therefore lack basic means of common financial communication with their bankers and a basis to prepare credible loan proposals. For those who hire accountants to prepare figures, the business owner may lack the ability to question the data presented to him by his own accountant. Often in response to questions from bank credit officers about financial information, an applicant will instruct his accountant to "fix" the problem by plugging in a requested piece of data perfunctorily rather than re-working with data objectively.

In turn, according to senior credit officers of the banks, the lack of credible basic financial information from borrowers can cause unprofessional credit decisions by bankers, who may decide a case favorably for subjective reasons only, then consort with

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example, such a fund could be an independent "joint venture" partner for family-owned businesses that need long-term equity capital but that are reluctant to seek it from other Guyanese individuals or groups for cultural reasons.

an applicant to present a positive case with data to credit committee that is bound not to be objective and to which the banker is pre-disposed.

Cross-cutting the categories of enterprise to be targeted for training are the problems of the rice sector, which is depressed and to which the banks have extended too much credit. For this reason, a series of two seminars is recommended as an option for both bankers and businessmen, to address trade and commodities finance as well as issues and challenges for the rice sector (see Section 7 below and Exhibit 1 for further detail).

Also of interest to enterprises of all categories and to public sector counterparts is the subject of leasing, which is in the process of being introduced in Guyana, but which lacks a regulatory and tax framework. In the case of Guyana, leasing can serve as a valuable tool for economic development for the following reasons:

1. The medium or long term nature of finance involved;
2. Suitability to new SME borrowers, whose loan amounts fit leasing criteria but whose reliability may be untested and subject to question;
3. Control of disbursement of proceeds by lenders (to pay for the item to be rented);
4. Better secondary repayment source through seizure and resale or re-use of assets financed in the absence of a reliable court system allowing for liquidation of lenders' collateral.

#### **4.2 Needs of Small and Small Medium Sized Enterprises (up to 50 employees)**

While most important training needs were thought to be basic, starting with rudimentary accounting and progressing to financial statement analysis and interpretation, preparation of business plans would also apply to a few enterprises of this size<sup>5</sup>.

#### **4.3 Needs of Larger Medium-sized Companies (50 – 250 employees)**

Needs of larger SME's are broad, consisting of basic and more advanced training in interpretation of financial statements and sources of long-term finance like leasing and debt and equity finance. While formalization and independence of financial information is a pre-condition to access longer term sources of debt and equity from joint venture partners, issues like corporate governance and control in the context of the family business are also pertinent here.

#### **4.4 Needs of the Largest Companies (more than 250 employees)**

Needs of this category involve more advanced preparation of business plans as well as new debt and equity instruments and securities-related subjects. While targeted assistance to this category is not recommended, as these companies have their own resources and do not need donor support, representatives should be invited to attend and contribute financially and otherwise to seminars for a larger audience of public and private sector

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<sup>5</sup> SME's of up to 50 employees represent categories 1 and 2 or 84% of enterprises set forth in the table in Section 3.1 of this report above.

counterparts to further the environment for the development of long-term sources of capital for Guyanese enterprise.

## **5. SEMINAR SERIES 1**

Reference should be made to the table in Exhibit 1, which summarizes recommended seminars, content, format, audience and presenters. Exhibit 2 contains time lines for the seminar series. Seminar series 1, which is of highest priority, according to interviews conducted in Guyana, covers various stages of preparation of financial information for businesses and bankers. Through joint participation with banks at the seminars and dissemination of practical tools to both businesses and banks, it would seek to create a common ground and basis of communication for SME's and their potential financiers.

This series of three courses would begin with a first course of two full days (Friday and Saturday<sup>6</sup>) about basic accounting and "how to read a financial statement" and proceed in a second course to more sophisticated yet still common-sense analysis of financial statements, again of two full days. The second course would involve a presentation and explanation of bank products and services and bank relations. The third offering over two full days, would apply to a more select group and cover business plan preparation. Local case studies and group exercises would form an important part of all three seminars, especially the third. The courses would be taught to groups of 20-30 with bankers included as participants.

The program for series 1 would involve primary focus outside of Georgetown. Venues to be considered are New Amsterdam in the East, Parika or Anna Regina in the West, and Linden in the South. The first 2 courses in the series would be taught twice and the third about business plans once. Future trainers would also be trained both in terms of content and technique to assure continuation after GEO's initial investment in the project (see below in Section 8 for "Training of Trainers"). The courses would be taught primarily by a Guyanese consultant, with assistance from an expatriate consultant and Guyanese accountant.

Presentation format for all of the seminar series would be in the form of Powerpoint presentations for summary text and key points and Excel software for accounting and financial models. Some use of other materials may be included depending upon the case and presenter. Course participants would be provided with software copy of all models in Excel as well as hard copy of Powerpoint presentations and Excel models in course binders. The sessions would be in a workshop rather than a formal classroom setting, and to the extent possible avoid lengthy protocol and ceremony, in order to boost participants' confidence and economize time.

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<sup>6</sup> Scheduling in this fashion was thought to provide the best way to attract participants with other business priorities and keep them concentrated.

## **6. SEMINAR SERIES 2**

Reference should be made to the table in Exhibit 1, which summarizes recommended seminars, content, format, audience and presenters. The series, which relates to the development of long-term sources of finance for Guyanese businesses, covers two courses, or seminars: 1) leasing and 2) non-bank debt and equity instruments.

The first seminar about leasing will cover leasing techniques and examine regulatory and tax treatment of leasing companies or operations internationally that are relevant to Guyana. Cases of the few lease transactions done in Guyana will be discussed. The second seminar about debt and equity instruments will be taught primarily from the perspective of a business seeking access to non-bank sources of long-term capital and examine possible financing options and the cost / benefits of these. Different types of debt, equity, and quasi-equity will be presented drawing from regional experience in the Anglophone Caribbean. Attention will also be given to the status and development of the stock exchange in Guyana, as well as rules and constraints governing the private placement of debt and equity instruments in Guyana's institutional market. Corporate governance and financial transparency issues will be presented from the businessman's standpoint for the benefit of family-controlled companies with need for longer-term finance. Preparation of the Information Memorandum or prospectus, which is the primary fund-raising document for non-bank capital, will be detailed. The concept of an investment fund for SME's using private institutional capital will be discussed as part of the seminar. Case studies involving existing completed issues of corporate bonds in Guyana and examples from the region will be presented.

As the audience for series 2 would largely differ from that of series 1, series 2 can be delivered in the same time frame as first series. The leasing seminar would be delivered in Georgetown in two half-day sessions, while the seminar about non-bank sources of capital will be delivered in 4 half-day sessions. Presenters for the first course about leasing would be a financing expert, assisted by an international or regional leasing expert. Presenters for the second course about debt and equity instruments will be a financial equity expert assisted by local and regional merchant banking experts. Training of trainers would not be included because of the difficulty of replicating material and the limited audience for it; however, as indicated below, course participants will be given course materials.

Presentation format for all of the seminar series would be in the form of Powerpoint presentations for summary text and key points and Excel software for financial models. Course participants would be provided with a software copy of all models in Excel as well as a hard copy of material in course binders.

## **7. SEMINAR SERIES 3**

Reference should be made to the table in Exhibit 1, which summarizes recommended seminars, content, format audience and presenters. Exhibit 2 contains time lines for the seminar series. As Series 3 was considered of lower priority than the first two series,

scheduling of it should be optional depending upon resources available to the GEO Project.

Because of significant financial problems in the rice sector and a high level of defaulted loans in the banking system to it, the two courses in Series 3 would be aimed at rice millers and bankers to teach correct methods of trade and commodities finance in a first seminar. The seminar would use some content in summary form from Export 101 and 102 delivered by the GEO Project in 2002 and proceed to present techniques of commodities finance and methods of risk hedging and mitigation for lenders and borrowers. The costs and benefits of using financial instruments like letters of credit will be discussed. In the second seminar about issues and challenges for the rice sector, extracts from Seminar Series 1 would be tailored to the sector. Ample use of case studies would be made. Treatment of problem loans by the banks and the subject of problem loan management in the Guyanese environment will be offered.

The first course about exporting, trade, and commodities finance would be taught in two sessions to separate groups of bankers and businessmen in 3 full day sessions. The second one, entitled “The Rice Sector: Lessons and Challenges,” would be presented to a select group of 30 millers and exporters and bankers in 5 full days. Elements of Seminar Series 1 will be presented, with exact content and length of time to evolve from the implementation of Series 1.

These courses would be given in and outside of Georgetown. Courses would be presented in July and August or perhaps December after the season for harvesting and stocking rice paddy, when millers are available. Training of trainers would not be included, but course materials would be provided to participants. Format would be as for Series 1 and 2 in Section 6 and 7 above of this report.

## **8. TRAINING OF TRAINERS FOR SERIES 1**

Training of trainers is recommended for Series 1 to expand benefits to a larger audience once an initial investment in time and materials is made. The content in Series 1 lends itself to replication. Indeed, based upon meetings during the trip to Georgetown, constancy and follow-up for these courses was said to be critical to their impact.

Three Guyanese trainers, experienced in the banking sector, should be selected for training under this series and provided with both hard and software copies of course materials. A strategy should be devised to assure on-going availability of instruction to interested SME's. Ideas to be considered are as follows:

1. Make the trainers available to accounting firms in Guyana, who might employ their services as trainers as part of marketing efforts to expand accountancy services.
2. Create a unit with a budget to continue training and mentoring of businesses at the GEO Project with part-time Guyanese staff available for consultation.

3. Provide initial funding assistance to the professional bankers' association for a second round of courses by trained trainers with the understanding that bank members' dues would continue the effort for the medium term.
4. Refer materials and trained trainers to the Empretec Project for employment. Empretec, which is being established by UNCTAD in cooperation with UNDP to foster entrepreneurial development of SME's is in the process of starting operation for 3 years and will start with seminars aimed generally at improving entrepreneurial behavior and risk-taking before delving into more specific subjects like business plan preparation. In any case, presentation of the seminars in Series 1 should be coordinated with Empretec.
5. Employ the services of retired executives through CIDA of Canada or IESC in the U.S. to continue training and provide materials to them.
6. Combination of elements of #1-5 above.

## **SEMINAR TOPICS AND CONTENT**

### **Seminar series 1: Capacity-building for smaller and medium-sized enterprises and their bankers**

<i><b>Topic</b></i>	<i><b>Content</b></i>	<i><b>Format</b></i>	<i><b>Audience</b></i>
#1 How to read and interpret financial statements (first level course)	Basics of accounting. How to read a financial statement. How to create initial books and records for a business. Emphasis on the importance and benefits of developing reliable financial information for bankers.	Powerpoint presentations with handouts in hard copy. Template accounting model also to be furnished in Excel. Group exercises.	SME's in groups of 20-30 (2 groups over a 2 week period). 2 days per course. Training of trainers to be included as part of process.
#2 How to read and interpret financial statements (second level course)	Financial statement interpretation. Emphasis on balance sheet, income statement, and funds flow analysis, financial projections, financial ratios as seen by managers and bankers. Principles of financial management that flow from the numbers. Introduction to banking and credit, bank services, and loan proposal preparation.	Powerpoint presentations with handouts in hard copy. More advanced template accounting model also to be furnished in Excel. Group exercises / case studies.	SME's in groups of 20-30 (2 groups over a week period). Bankers. 2 days per course. Training of trainers to be included.  Some participants may opt to attend first and second level courses, or one or the other.



#3 Preparation of the business plan	Basics of business plan preparation, to include market and technical studies, financial projections. Principles of project development and project life cycle.	Powerpoint presentation, templates in Word and Excel (perhaps purchased and adapted). Case studies, group critiques and exercises.	Select group of medium and larger enterprises. Bankers. 2 full day sessions. Training of trainers.
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Seminar series 2: Development of longer-term financial instruments to assist the growth of smaller and larger enterprises

<i>Topic</i>	<i>Content</i>	<i>Format</i>	<i>Audience</i>
#4 Leasing	Leasing as a form of term finance. Types of lease (operating and capital leases, leverage leasing). Advantages for lessor/ lender and borrower/lessee. Regulatory, legal, and tax considerations.	Powerpoint presentations with handouts to include a handout to assist analysis of yields.	Medium and large businessmen, bank officers, representatives from the public sector, (Finance Ministry and Bank of Guyana). 2 half- day sessions
#5 Non-bank debt and equity instruments	Introduction to private placements and public issues, consciousness-raising re. the new stock market and Guyana Securities Council, methods of valuation analysis for shares, the preparation of the Information Memorandum.	Powerpoint presentations, etc.	Larger enterprises, bank and insurance company representatives, GoG counterparts as indicated. 4 half-day sessions.

Seminar series 3: Trade and commodities finance and the rice industry in Guyana

<i><b>Topic</b></i>	<i><b>Content</b></i>	<i><b>Format</b></i>	<i><b>Audience</b></i>
#6 Exporting and trade and commodities finance	Basics of exporting by way of introduction. Bank services to assist exporters. Letters of credit, commodities finance techniques to include inventory finance, bills of exchange and acceptances. Risk assessment.	Powerpoint presentations with handouts, case studies drawn from banks. Emphasis on rice and sugar.	Selected exporters and bank credit officers (2 separate seminars). 3 full days each.
#7 The rice sector: lessons and challenges	Elements from Series 1 tailored to the sector. Added emphasis on problem loan management by bankers.	Powerpoint presentations with handouts, case studies drawn from banks.	30 select representatives from the sector, 1 representative from each bank. 4 full day sessions

PG = Paul Geer or other Guyanese consultant, WSC = Warren Chase or other expatriate consultant.

## TRAINING TIME LINES GUYANA ECONOMIC OPPORTUNITIES PROJECT

